

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

HOUSE ENROLLED ACT No. 1815

AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 5-10.2-2-3, AS AMENDED BY P.L.195-1999, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 3. (a) The annuity savings account consists of:

- (1) the members' contributions; and
- (2) the interest credits on these contributions in the guaranteed fund or the gain or loss in market value on these contributions in the alternative investment program, as specified in section 4 of this chapter.

Each member shall be credited individually with the amount of the member's contributions and interest credits.

(b) Each board shall maintain the annuity savings account program in effect on December 31, 1995 (referred to in this chapter as the guaranteed program). In addition, the board of the Indiana state teachers' retirement fund shall establish and maintain a guaranteed program within the 1996 account. Each board may establish investment guidelines and limits on all types of investments (including, but not limited to, stocks and bonds) and take other actions necessary to fulfill its duty as a fiduciary of the annuity savings account, subject to the limitations and restrictions set forth in IC 5-10.3-5-3 and IC 21-6.1-3-9.

(c) Each board shall establish alternative investment programs within the annuity savings account of the public employees' retirement



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fund, the pre-1996 account, and the 1996 account, based on the following requirements:

- (1) Each board shall maintain at least one (1) alternative investment program that is an indexed stock fund and one (1) alternative investment program that is a bond fund.
 - (2) The programs should represent a variety of investment objectives under IC 5-10.3-5-3.
 - (3) No program may permit a member to withdraw money from the member's account except as provided in IC 5-10.2-3 and IC 5-10.2-4.
 - (4) All administrative costs of each alternative program shall be paid from the earnings on that program.
 - (5) A valuation of each member's account must be completed as of the last day of each quarter.
- (d) The board must prepare, at least annually, an analysis of the guaranteed program and each alternative investment program. This analysis must:
- (1) include a description of the procedure for selecting an alternative investment program;
 - (2) be understandable by the majority of members; and
 - (3) include a description of prior investment performance.
- (e) A member may direct the allocation of the amount credited to the member among the guaranteed fund and any available alternative investment funds, subject to the following conditions:
- (1) A member may make a selection or change an existing selection ~~at any time, but not more than once in a twelve (12) month period:~~ **under rules established by each board. A board shall allow a member to make a selection or change any existing selection at least once each quarter.**
 - (2) The board shall implement the member's selection beginning the first day of the next calendar quarter that begins at least thirty (30) days after the selection is received by the board. This date is the effective date of the member's selection.
 - (3) A member may select any combination of the guaranteed fund or any available alternative investment funds, in ten percent (10%) increments.
 - (4) A member's selection remains in effect until a new selection is made.
 - (5) On the effective date of a member's selection, the board shall reallocate the member's existing balance or balances in accordance with the member's direction, based on:
 - (A) for an alternative investment program balance, the market

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value on the effective date; and

(B) for any guaranteed program balance, the account balance on the effective date.

All contributions to the member's account shall be allocated as of the last day of that quarter in accordance with the member's most recent effective direction. The board shall not reallocate the member's account at any other time.

(f) When a member who participates in an alternative investment program transfers the amount credited to the member from one (1) alternative investment program to another alternative investment program or to the guaranteed program, the amount credited to the member shall be valued at the market value of the member's investment, as of the day before the effective date of the member's selection. When a member who participates in an alternative investment program retires, becomes disabled, dies, or suspends membership and withdraws from the fund, the amount credited to the member shall be the market value of the member's investment as of the last day of the quarter preceding the member's distribution or annuitization at retirement, disability, death, or suspension and withdrawal, plus contributions received after that date.

(g) When a member who participates in the guaranteed program transfers the amount credited to the member to an alternative investment program, the amount credited to the member in the guaranteed program is computed without regard to market value and is based on the balance of the member's account in the guaranteed program as of the last day of the quarter preceding the effective date of the transfer. When a member who participates in the guaranteed program retires, becomes disabled, dies, or suspends membership and withdraws from the fund, the amount credited to the member shall be computed without regard to market value and is based on the balance of the member's account in the guaranteed program as of the last day of the quarter preceding the member's distribution or annuitization at retirement, disability, death, or suspension and withdrawal, plus any contributions received since that date plus interest since that date.

SECTION 2. IC 5-10.2-5-31 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: **Sec. 31. (a) The pension portion (plus postretirement increases to the pension portion) provided by employer contributions of the monthly benefit payable after June 30, 2001, to a member of the public employees' retirement fund or the Indiana state teachers' retirement fund (or to a survivor or beneficiary of a member of the public employees' retirement fund**



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or the Indiana state teachers' retirement fund) who retired or was disabled before July 2, 1999, shall be increased by one percent (1%).

(b) The increases specified in this section:

(1) are based upon the date of the member's latest retirement or disability;

(2) do not apply to benefits payable in a lump sum; and

(3) are in addition to any other increase provided by law.

SECTION 3. IC 33-14-9-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 14. (a) This section does not apply to a participant who meets the requirements for disability benefits under section 15 of this chapter.

(b) Except as provided in subsections (c) and (d), the amount of the annual retirement benefit to which a participant who applies for a retirement benefit and who is at least sixty-five (65) years of age is entitled equals the product of:

(1) the highest annual salary that was paid to the participant before separation from service; multiplied by

(2) the percentage prescribed in the following table:

TABLE

Participant's Years of Service	Percentage
Less than 10	0
10	25% 30%
11	27.5% 33%
12	30% 50%
13	32.5% 51%
14	35% 52%
15	37.5% 53%
16	40% 54%
17	42.5% 55%
18	45% 56%
19	47.5% 57%
20 or more	50% 58%
21	59%
22 or more	60%

(c) If a participant who applies for a retirement benefit is not at least sixty-five (65) years of age, the participant is entitled to receive a reduced annual retirement benefit that equals the benefit that would be payable if the participant was sixty-five (65) years of age reduced by one-fourth percent (0.25%) for each month that the participant's age at retirement precedes the participant's sixty-fifth birthday.



(d) Benefits payable to a participant under this section are reduced by the pension, if any, that would be payable to the participant from the public employees' retirement fund if the participant had retired from the public employees' retirement fund on the date of the participant's retirement from the prosecuting attorneys retirement fund. Benefits payable to a participant under this section are not reduced by annuity payments made to the participant from the public employees' retirement fund.

(e) In the event benefits payable from the public employees' retirement fund exceed the benefits payable from the prosecuting attorneys retirement fund, the participant is entitled at retirement to withdraw from the prosecuting attorneys retirement fund the total sum contributed plus interest at the rate of five and one-half percent (5.5%) compounded annually.

SECTION 4. [EFFECTIVE JULY 1, 2001] (a) As used in this SECTION, "fund" refers to the Indiana state teachers' retirement fund.

(b) The amount determined in the following STEPS shall be paid from the annuity reserve account of the fund on November 1, 2001, to any person who was a retired member (or to a survivor or beneficiary of a retired member) of the fund as of July 2, 2000, and who was entitled to receive a monthly benefit on October 1, 2001. The amount shall be paid in a single check. The amount is not an increase in the pension portion of the monthly benefit.

STEP ONE: Determine the difference between:

- (A) the balance in the fund's retired teacher annuity reserve account as of June 30, 2000; and**
- (B) the computed liability of the annuity portion of the normal allowance for the retired members as of June 30, 2000.**

STEP TWO: Multiply the STEP ONE result by ten percent (10%).

(c) The amounts distributed under subsection (b) shall be distributed to each retired member (or to the survivor or beneficiary of a retired member) who meets the requirements of subsection (b) in an amount determined under the following STEPS:

STEP ONE: Determine the sum of:

- (A) the total number of years of creditable service (excluding creditable service under Acts 1965, c.410, s.4) in the fund of all retired members eligible to receive a portion of the distribution; plus**



(B) the total number of years that all retired members who are eligible to receive a portion of the distribution have been retired.

STEP TWO: Determine the sum of:

(A) the eligible retired member's total number of years of creditable service (excluding creditable service under Acts 1965, c.410, s.4) in the fund; plus

(B) the total number of years since the eligible retired member retired from the last covered position held by the member.

STEP THREE: Divide the amount determined in STEP TWO by the amount determined in STEP ONE.

STEP FOUR: Multiply the amount determined in STEP THREE by the amount of the distribution under STEP TWO of subsection (b).

STEP FIVE: Determine the greater of fifty dollars (\$50) or the amount determined in STEP FOUR.

(d) This SECTION expires December 1, 2001.

SECTION 5. [EFFECTIVE JULY 1, 2001] (a) As used in this SECTION, "fund" refers to the public employees' retirement fund, with respect to members (and survivors and beneficiaries of members) of that fund, and the excise police and conservation enforcement officers' retirement plan, with respect to members (and survivors and beneficiaries of members) of that fund.

(b) The amount determined in this SECTION shall be paid from the fund November 1, 2001, to any person who was a retired member (or to a survivor or beneficiary of a retired member) of the fund as of July 2, 2000, and who was entitled to receive a monthly benefit on October 1, 2001. The amount shall be paid in a single check. The amount is not an increase in the pension portion of the monthly benefit.

(c) The greater of the following shall be paid from the fund to a retired member (or to a survivor or beneficiary of a retired member) who meets the requirements of subsection (b):

(1) One hundred dollars (\$100).

(2) The amount determined as follows:

STEP ONE: Determine the product of twelve (12) multiplied by the pension portion (plus postretirement increases to the pension portion) provided by employer contributions of the monthly benefit payable the month before the payment is made under this SECTION to the member (or to a survivor or beneficiary of the member).

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STEP TWO: Multiply the amount determined in STEP ONE by the applicable percentage from the following table:

Calendar Year of Last Retirement of Member	Applicable Percentage
1950 through 1974	6%
1975 through 1982	5%
1983 through 1987	4%
1988 through 1991	3%
1992 through 2000	2%

(d) This SECTION expires December 1, 2001.

SECTION 6. [EFFECTIVE JULY 1, 2002] (a) As used in this SECTION, "fund" refers to the Indiana state teachers' retirement fund.

(b) The amount determined in the following STEPS shall be paid from the annuity reserve account of the fund on November 1, 2002, to any person who was a retired member (or to a survivor or beneficiary of a retired member) of the fund as of July 2, 2001, and who was entitled to receive a monthly benefit on October 1, 2002. The amount shall be paid in a single check. The amount is not an increase in the pension portion of the monthly benefit.

STEP ONE: Determine the difference between:

- (A) the balance in the fund's retired teacher annuity reserve account as of June 30, 2001; and**
- (B) the computed liability of the annuity portion of the normal allowance for the retired members as of June 30, 2001.**

STEP TWO: Multiply the STEP ONE result by ten percent (10%).

(c) The amounts distributed under subsection (b) shall be distributed to each retired member (or to a survivor or beneficiary of a retired member) who meets the requirements of subsection (b) in an amount determined under the following STEPS:

STEP ONE: Determine the sum of:

- (A) the total number of years of creditable service (excluding creditable service under Acts 1965, c.410, s.4) in the fund of all retired members eligible to receive a portion of the distribution; plus**
- (B) the total number of years that all retired members who are eligible to receive a portion of the distribution have been retired.**

STEP TWO: Determine the sum of:



(A) the eligible retired member's total number of years of creditable service (excluding creditable service under Acts 1965, c.410, s.4) in the fund; plus

(B) the total number of years since the eligible retired member retired from the last covered position held by the member.

STEP THREE: Divide the amount determined in STEP TWO by the amount determined in STEP ONE.

STEP FOUR: Multiply the amount determined in STEP THREE by the amount of the distribution under STEP TWO of subsection (b).

STEP FIVE: Determine the greater of fifty dollars (\$50) or the amount determined in STEP FOUR.

(d) This SECTION expires December 1, 2002.

SECTION 7. [EFFECTIVE JULY 1, 2002] (a) As used in this SECTION, "fund" refers to the public employees' retirement fund, with respect to members (and survivors and beneficiaries of members) of that fund, and the excise police and conservation enforcement officers' retirement plan, with respect to members (and survivors and beneficiaries of members) of that fund.

(b) The amount determined in this SECTION shall be paid from the fund November 1, 2002, to any person who was a retired member (or to a survivor or beneficiary of a retired member) of the fund as of July 2, 2001, and who was entitled to receive a monthly benefit on October 1, 2002. The amount shall be paid in a single check. The amount is not an increase in the pension portion of the monthly benefit.

(c) The greater of the following shall be paid from the fund to a retired member (or to a survivor or beneficiary of a retired member) who meets the requirements of subsection (b):

(1) One hundred dollars (\$100).

(2) The amount determined as follows:

STEP ONE: Determine the product of twelve (12) multiplied by the pension portion (plus postretirement increases to the pension portion) provided by employer contributions of the monthly benefit payable the month before the payment is made under this SECTION to the member (or to a survivor or beneficiary of the member).

STEP TWO: Multiply the amount determined in STEP ONE by the applicable percentage from the following table:



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Calendar Year of Last Retirement of Member	Applicable Percentage
1950 through 1975	6%
1976 through 1983	5%
1984 through 1988	4%
1989 through 1992	3%
1993 through 2001	2%

(d) This SECTION expires December 1, 2002.

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Speaker of the House of Representatives

President of the Senate

President Pro Tempore

Approved: _____

Governor of the State of Indiana

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